

**PENSION REFORM COMMITTEE  
MEETING OF  
June 1, 2004  
3:00 PM – 6:00 PM Meeting**

**401 B Street  
Conference Room, 4<sup>th</sup> Floor**

**MINUTES**

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**THE REGULAR MEETINGS OF THE PENSION REFORM COMMITTEE ARE  
SCHEDULED FOR EVERY TUESDAY AT 3:00 PM AT 401 B STREET, 4<sup>TH</sup> FLOOR**

THE OPINIONS AND VIEWS OF THE COMMITTEE OR ITS MEMBERS, AND PRESENTATIONS MADE AND DOCUMENTS PROVIDED TO THE COMMITTEE OR ITS MEMBERS, MAY CONTAIN PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER BACKWARD-LOOKING RECONSTRUCTIONS OR FORWARD-LOOKING STATEMENTS, ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACT, AND ARE QUALIFIED IN THEIR ENTIRETY BY THIS CAUTIONARY STATEMENT. ONLY STATEMENTS MADE BY THE CITY IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT, PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MSRB OR THE NRMSIRs ARE AUTHORIZED BY THE CITY. THE CITY SHALL NOT BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF UNAUTHORIZED STATEMENTS.

**Item 1:        Call to Order**

**Item 2:        Roll Call**

<u>Members Present</u>	<u>Members Absent</u>	<u>Staff Present</u>
April Boling	Steve Austin	Patricia Frazier
Robert Butterfield		Chris Morris
Dick Vortmann		Larry Grissom, SDCERS Staff
Judith Italiano		Paul Barnett, SDCERS Staff
William Sheffler		Pam Holmberg
Stanley Elmore		Mary Braunwarth
Kathleen Walsh-Rotto		Lori Chapin, SDCERS Staff
Tim Considine		

**Item 3:        Approval of Minutes**

There was a motion for approval of the minutes for the May 25, 2004 Pension Reform Committee (Committee) meeting from Mr. Considine. The motion was seconded by Ms. Walsh-Rotto and passed unanimously with Ms. Italiano and Mr. Elmore abstaining.

**Item 4:        Discussion on Actuarial Study**

Mr. Grissom reported that SDCERS actuary Rick Roeder had been unable to complete the assignments from the Committee because of other commitments. He said Mr. Roeder hoped to have all work completed before next week's meeting. Ms. Boling indicated Mr. Roeder's outstanding work includes: 1) his valuation of retiree health insurance costs, 2) pricing of the plan components and plan changes, and 3) a complete package of all the deliverables he has provided to the Committee. There may be additional items due to the Committee upon a review of the letter of agreement and its amendment.

#### **Item 6: Discussion on Final Report**

Ms. Boling distributed a revised package (see attachment 1) she developed which showed the projected UAAL and different options that could be used to pay it down. The package included two new options which allowed for a more gradual increase in the City's contribution levels. The first option (option 5) would have the City paying \$400 million of the unfunded liability by the end of calendar year 2004, and paying another \$400 million by the end of calendar year 2005, with a reset of the amortization rate to 15-years beginning in 2008. The second option (option 6) was to pay \$200 million in calendar year 2004, \$200 million in calendar year 2005 and \$200 million in calendar year 2006 with the remainder amortized over 15 years starting in 2008. The funding for both options could be achieved through either pension obligation bonds or land securities. The Committee discussed all of the options and the feasibility of each plan. Ms. Walsh-Rotto questioned how land securities would work. Mr. Considine explained that the note would go into the System right away and the payments could terminate whenever real estate is sold and the remaining principal on the note contributed to the plan. Mr. Butterfield said he believed funding with land securities may be prohibited and would need approval from the Department of Labor to be used as a funding device. Ms. Boling reiterated that the Committee would not designate the funding method the City should use, instead the Committee would only recommend amounts and timing of the funding. Ms. Walsh-Rotto asked Pat Frazier how the City determines the appropriate size of a POB issuance and what her opinion is on the size the City's could issue at this time. Ms. Frazier explained that the determination is based on the City's debt capacity and ability to pay and factors such as debt ratios and the debt rating. Ms. Frazier said she couldn't provide an estimate on the size of a POB issuance, however she believes \$200 million is most likely possible. Ms. Boling asked for a motion to determine which option the Committee prefers. Mr. Butterfield made a motion for approval of option 6 in concept with the first \$200 million to be a POB issuance and the remaining \$400 million could be a POB or land securities depending on the discretion of the City Manager. The motion was seconded by Ms. Italiano. The Committee discussed the motion. The motion passed with Mr. Butterfield, Ms. Boling, Mr. Elmore, Ms. Italiano, Mr. Sheffler, and Ms. Walsh-Rotto in favor and Mr. Vortmann and Mr. Considine opposed. During discussion of this item, Mr. Vortmann asked Mr. Grissom if the City pension payment projections through FY 09 under Manager's Plan II and under the Settlement Agreement were available to compare to the projections under Option 6. Mr. Grissom will look into the availability of the information.

#### **Item 5: Review of Ballot Measure Proposals**

Mr. Morris distributed San Francisco's Charter language regarding disability retirements (attachment 2). San Francisco's system allows for an unbiased hearing officer, selected and contracted by the Retirement Board, to hear disability retirement cases and determine whether they should be granted or denied. At any time within 30 days after the officer's decision either party may file an objection. Upon expiration of the 30 days, absent an objection, the decision

becomes final. Either party may seek judicial review of a decision in superior court. There was discussion of the San Francisco plan versus the current San Diego plan and a new plan envisioned by the Committee. Mr. Vortmann made a motion that the Committee recommend a change to the Charter that would keep the current disability retirement determination process the same as it is now except that the hearing officer's decision would be final, not a recommendation to the Board for approval. The motion was seconded by Ms. Italiano and passed unanimously. Mr. Morris will return to the Committee with suggested Charter language changes.

Ms. Boling asked Mr. Grissom to interpret Charter section 143, which specifies that the expense of the normal pension plan be split 50/50 between employees and the employer. At the last Committee meeting, Ms. Boling had questioned the definition of the normal pension plan expenses and why it was not a true 50/50 split in the actuarial valuation. Mr. Grissom explained that the actuarial valuation of normal cost is as accurate as can be, but since the system is age based and has weighted averages; it is not a simple calculation. In addition, disability retirement and in-service death are not part of normal cost. Ms. Boling indicated that additional information is needed on this topic for the Committee to make decisions on any required changes. Mr. Grissom suggested that Mr. Roeder answer further questions..

Ms. Boling asked if there should be a clarification to the motion from last week regarding the composition of the Retirement Board. She said she felt the intent of the motion was to have the appointments to the Board use the standard appointment process of the Mayor nominating the members with confirmation by the City Council as opposed to some other nominating format. Mr. Vortmann made a motion that the appointments to the Retirement Board be made by the Mayor with confirmation by the City Council. The motion was seconded by Mr. Considine. The Committee discussed the motion. The motion failed with four members, Ms. Boling, Mr. Considine, Mr. Sheffler and Mr. Vortmann, in favor and four members, Mr. Butterfield, Mr. Elmore, Ms. Italiano, and Ms. Walsh-Rotto, opposed.

**Item 7: New Business**

There was no new business.

**Item 8: Comments by Committee Chairperson**

Ms. Boling announced that the Committee would continue to meet on Tuesdays from 3:00 PM to 6:00 PM until the completion of their report.

**Item 9: Comments by Committee Members**

There were no comments.

**Item 10: Non-Agenda Public Comment**

There were no comments.

**Item 11: Adjournment**

The meeting was adjourned at 5:55.

The next meeting will be on Tuesday, June 8, 2004 at **3:00** PM at the same location.

# PROJECTION OF UAAL @ 6/3/05

Projected 6/30/04 UAAL @ market	\$1,167.0	\$1,167.0	\$1,167.0
Interest on UAAL \$1,167 X 8%	93.4	93.4	93.4
Normal Cost '05 \$605 X 11.95%	72.3	72.3	72.3
Corbett (2 years past)	5.5	5.5	5.5
Corbett (1 year past)	5.4	5.4	5.4
Corbett (based on FY '04 earnings)	5.3	5.3	5.3
13th check (based on FY '04 earnings)	4.1	4.1	4.1
Supplemental COLA	2.9	2.9	2.9
FY '05 settlement payment	(130.0)	(130.0)	(130.0)
With \$400M POB		(392.0)	
With \$400M trust deed			(400.0)
Projected UAAL @ 6/30/05	\$1,225.9	\$833.9	\$825.9

\$ expressed in millions

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OPTION #4  
\$400M POB X 3, 15 year UAAL amortization

		FY '06	FY '07	FY '08	FY '09	FY '10
Normal \$805 X 1.0425% X 11.95%		75.4	78.6	81.9	85.4	89.0
Corbett		5.3	5.2	5.1	5.1	5.0
13th Check		4.1	4.2	4.3	4.3	4.4
Supplemental COLA		2.9	2.9	2.9	2.9	2.9
Annual contribution excluding medical and UAAL		87.7	90.9	94.2	97.7	101.3
	\$ Qty					
POBs at 6.36% / 29 years / Issued 12/31/04	400	30.9	30.9	30.9	30.9	30.9
POBs at 6.36% / 30 years / Issued 12/31/05	400		30.6	30.6	30.6	30.6
POBs at 6.36% / 30 years / Issued 12/31/06	400			30.6	30.6	30.6
UAAL Amort / 1.59% per 100 / 15 years	834	13.5	17.7	11.3	2.5	2.0
Interest on remaining UAAL	834	66.7	64.0	31.6	5.5	3.5
		111.2	143.2	135.0	100.1	97.5
Total payment (excluding medical)		198.8	234.1	229.2	197.8	198.8
Plan Liabilities (SWAG)		4400	4800	5400	6014	6600
UAAL		1225.9	1225.9	1225.9	1225.9	1225.9
POB paydown		-392.0	-784.0	-1176.0	-1176.0	-1176.0
Accumulated principal amortization		-13.5	-31.2	-42.5	-45.1	-47.1
Remaining UAAL		820.4	410.7	7.4	4.8	2.8
Funded Ratio		81.35%	91.44%	99.86%	99.92%	99.96%

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## 15 YEAR AMORTIZATION / FIXED PERCENTAGE OF SALARY/INFLATION ADJUSTED

		Salary (4.25% incr)	Principal Balance	Interest @8%	1.59% of Salary	Apply to Prin
YEAR	1	605,000,000	100,000,000	8,000,000	9,819,500	1,819,500
YEAR	2	630,712,500	98,380,500	7,870,440	10,028,329	2,157,889
YEAR	3	657,517,781	96,222,611	7,697,809	10,454,533	2,756,724
YEAR	4	685,462,287	93,465,887	7,477,271	10,898,850	3,421,579
YEAR	5	714,594,434	90,044,308	7,203,545	11,362,052	4,158,507
YEAR	6	744,964,698	85,885,801	6,870,864	11,844,939	4,974,075
YEAR	7	776,625,697	80,911,727	6,472,938	12,348,349	5,875,410
YEAR	8	809,632,289	75,036,316	6,002,905	12,873,153	6,870,248
YEAR	9	844,041,662	68,166,068	5,453,285	13,420,282	7,966,977
YEAR	10	879,913,432	60,199,091	4,815,927	13,990,624	9,174,696
YEAR	11	917,309,753	51,024,395	4,081,952	14,585,225	10,503,273
YEAR	12	956,295,418	40,521,121	3,241,690	15,205,097	11,963,407
YEAR	13	996,937,973	28,557,714	2,284,617	15,851,314	13,566,697
YEAR	14	1,039,307,837	14,991,017	1,199,281	16,524,995	15,325,713
YEAR	15	1,083,478,420	(334,696)	(26,776)	17,227,307	17,254,083

## 30 YEAR AMORTIZATION/FIXED PERCENTAGE OF SALARY/INFLATION ADJUSTED

					0.965% of Salary	
YEAR	1	605,000,000	100,000,000	8,000,000	5,838,250	(2,161,750)
YEAR	2	630,712,500	102,161,750	8,172,940	6,086,376	(2,086,564)
YEAR	3	657,517,781	104,248,314	8,339,865	6,345,047	(1,994,819)
YEAR	4	685,462,287	106,243,133	8,499,451	6,614,711	(1,884,740)
YEAR	5	714,594,434	108,127,873	8,650,230	6,895,836	(1,754,394)
YEAR	6	744,964,698	109,882,266	8,790,581	7,188,909	(1,601,672)
YEAR	7	776,625,697	111,483,938	8,918,715	7,494,438	(1,424,277)
YEAR	8	809,632,289	112,908,215	9,032,657	7,812,952	(1,219,706)
YEAR	9	844,041,662	114,127,921	9,130,234	8,145,002	(985,232)
YEAR	10	879,913,432	115,113,152	9,209,052	8,491,165	(717,888)
YEAR	11	917,309,753	115,831,040	9,266,483	8,852,039	(414,444)
YEAR	12	956,295,418	116,245,484	9,299,639	9,228,251	(71,388)
YEAR	13	996,937,973	116,316,872	9,305,350	9,620,451	315,102
YEAR	14	1,039,307,837	116,001,770	9,280,142	10,029,321	749,179
YEAR	15	1,083,478,420	115,252,591	9,220,207	10,455,567	1,235,359
YEAR	16	1,129,526,253	114,017,232	9,121,379	10,899,928	1,778,550
YEAR	17	1,177,531,118	112,238,682	8,979,095	11,363,175	2,384,081
YEAR	18	1,227,576,191	109,854,601	8,788,368	11,846,110	3,057,742
YEAR	19	1,279,748,179	106,796,859	8,543,749	12,349,570	3,805,821
YEAR	20	1,334,137,477	102,991,036	8,239,283	12,874,427	4,635,144
YEAR	21	1,390,838,319	98,355,894	7,868,472	13,421,590	5,553,118
YEAR	22	1,449,946,948	92,802,776	7,424,222	13,992,007	6,567,785
YEAR	23	1,511,571,778	86,234,991	6,898,799	14,586,668	7,687,868
YEAR	24	1,575,813,579	78,547,122	6,283,770	15,206,601	8,922,831
YEAR	25	1,642,785,656	69,624,291	5,569,943	15,852,882	10,282,938
YEAR	26	1,712,604,046	59,341,353	4,747,308	16,526,629	11,779,321
YEAR	27	1,785,389,718	47,562,032	3,804,963	17,229,011	13,424,048
YEAR	28	1,861,266,781	34,137,983	2,731,039	17,961,244	15,230,205
YEAR	29	1,940,372,705	18,907,778	1,512,622	18,724,597	17,211,974
YEAR	30	2,022,838,545	1,695,804	135,664	19,520,392	19,384,728

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OPTION #3  
\$400M Land Security, 15 year UAAL amortization

		FY '06	FY '07	FY '08	FY '09	FY '10
Normal \$605 X 1.0425% X 11.95%		75.4	78.6	81.9	85.4	89.0
Corbett		5.3	5.2	5.1	5.1	5.0
13th Check		4.1	4.2	4.3	4.3	4.4
Supplemental COLA		2.9	2.9	2.9	2.9	2.9
Annual contribution excluding medical and UAAL		87.7	90.9	94.2	97.7	101.3
	\$ Qty					
Land Security @ 8% / 30 year amort	400	35.8	35.8	35.8	35.8	35.8
UAAL Amort / 1.59% per 100 / 15 years	826	13.4	17.5	21.9	26.4	31.0
Interest on remaining UAAL	826	66.1	63.9	61.2	57.8	53.8
		115.3	117.3	119.0	120.1	120.7
Total payment (excluding medical)		203.0	208.2	213.2	217.8	222.0
Plan Liabilities (SWAG)		4400	4800	5400	6014	6600
UAAL		825.9	825.9	825.9	825.9	825.9
Accumulated principal amortization		-13.4	-30.9	-52.8	-79.3	-110.3
Remaining UAAL		812.5	795.0	773.1	746.6	715.6
Funded Ratio		81.53%	83.44%	85.68%	87.59%	89.16%

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## POB - 30 Yrs

Year		Interest @6.36%	Principal payment	Total payment
1	100,000,000	6,360,000	1,278,000	7,638,000
2	98,722,000	6,278,719	1,359,281	7,638,000
3	97,362,719	6,192,289	1,445,731	7,638,000
4	95,916,988	6,100,320	1,537,680	7,638,000
5	94,379,309	6,002,524	1,635,476	7,638,000
6	92,743,833	5,898,508	1,739,492	7,638,000
7	91,004,340	5,787,876	1,850,124	7,638,000
8	89,154,216	5,670,208	1,967,792	7,638,000
9	87,186,425	5,545,057	2,092,943	7,638,000
10	85,093,481	5,411,945	2,226,055	7,638,000
11	82,867,427	5,270,368	2,367,632	7,638,000
12	80,499,795	5,119,787	2,518,213	7,638,000
13	77,981,582	4,959,629	2,678,371	7,638,000
14	75,303,210	4,789,284	2,848,716	7,638,000
15	72,454,495	4,608,106	3,029,894	7,638,000
16	69,424,601	4,415,405	3,222,595	7,638,000
17	66,202,005	4,210,448	3,427,552	7,638,000
18	62,774,453	3,992,455	3,645,545	7,638,000
19	59,128,908	3,760,599	3,877,401	7,638,000
20	55,251,508	3,513,996	4,124,004	7,638,000
21	51,127,502	3,251,709	4,386,291	7,638,000
22	46,741,211	2,972,741	4,665,259	7,638,000
23	42,075,952	2,676,031	4,961,969	7,638,000
24	37,113,983	2,360,449	5,277,551	7,638,000
25	31,836,432	2,024,797	5,613,203	7,638,000
26	26,223,229	1,667,797	5,970,203	7,638,000
27	20,253,027	1,288,092	6,349,908	7,638,000
28	13,903,119	884,238	6,753,762	7,638,000
29	7,149,358	454,699	7,183,301	7,638,000
30	(33,943)	(2,159)	7,640,159	7,638,000

## POB - 29 Yrs

Year		Interest @6.36%	Principal payment	Total payment
1	100,000,000	6,360,000	1,377,000	7,737,000
2	98,623,000	6,272,423	1,464,577	7,737,000
3	97,158,423	6,179,276	1,557,724	7,737,000
4	95,600,698	6,080,204	1,656,796	7,737,000
5	93,943,903	5,974,832	1,762,168	7,737,000
6	92,181,735	5,862,758	1,874,242	7,737,000
7	90,307,493	5,743,557	1,993,443	7,737,000
8	88,314,050	5,618,774	2,120,226	7,737,000
9	86,193,824	5,481,927	2,255,073	7,737,000
10	83,938,751	5,338,505	2,398,495	7,737,000
11	81,540,255	5,185,960	2,551,040	7,737,000
12	78,989,216	5,023,714	2,713,286	7,737,000
13	76,275,930	4,851,149	2,885,851	7,737,000
14	73,390,079	4,667,609	3,069,391	7,737,000
15	70,320,688	4,472,398	3,264,604	7,737,000
16	67,056,084	4,264,767	3,472,233	7,737,000
17	63,583,851	4,043,933	3,693,067	7,737,000
18	59,890,783	3,809,054	3,927,946	7,737,000
19	55,962,837	3,559,236	4,177,764	7,737,000
20	51,785,074	3,293,531	4,443,469	7,737,000
21	47,341,604	3,010,928	4,726,074	7,737,000
22	42,615,531	2,710,348	5,026,652	7,737,000
23	37,588,878	2,390,653	5,346,347	7,737,000
24	32,242,531	2,050,825	5,686,375	7,737,000
25	26,556,158	1,688,972	6,048,028	7,737,000
26	20,508,127	1,304,317	6,432,683	7,737,000
27	14,075,444	895,198	6,841,802	7,737,000
28	7,233,643	460,060	7,276,940	7,737,000
29	(43,298)	(2,754)	7,739,754	7,737,000

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OPTION #2  
\$400M POB, 15 year UAAL amortization

		FY '06	FY '07	FY '08	FY '09	FY '10
Normal \$605 X 1.0425% X 11.95%		75.4	78.6	81.9	85.4	89.0
Corbett		5.3	5.2	5.1	5.1	5.0
13th Check		4.1	4.2	4.3	4.3	4.4
Supplemental COLA		2.9	2.9	2.9	2.9	2.9
Annual contribution excluding medical and UAAL		87.7	90.9	94.2	97.7	101.3
	\$ Qty					
POBs at 6.36% / 29 years / Issued 12/31/04	400	30.9	30.9	30.9	30.9	30.9
UAAL Amort / 1.59% per 100 / 15 years	834	13.5	17.7	22.1	26.7	31.4
Interest on remaining UAAL	834	66.7	64.6	61.8	53.0	54.3
		111.2	113.2	114.9	110.6	116.6
Total payment (excluding medical)		198.8	204.1	209.1	208.3	217.9
Plan Liabilities (SWAG)		4400	4800	5400	6014	6600
UAAL		833.9	833.9	833.9	833.9	833.9
Accumulated principal amortization		-13.5	-31.2	-53.3	-80.0	-111.4
Remaining UAAL		820.4	802.7	780.6	753.9	722.5
Funded Ratio		81.35%	83.28%	85.55%	87.47%	89.05%

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**Mortgage - 15 Yrs**

Year	Interest @8.0%	Principal payment	Total payment
1	100,000,000	8,000,000	4,130,000
2	95,870,000	7,669,600	4,460,400
3	91,409,600	7,312,768	4,817,232
4	86,592,368	6,927,389	5,202,811
5	81,389,757	6,511,181	5,618,819
6	75,770,938	6,061,675	6,068,325
7	69,702,613	5,576,209	6,553,791
8	63,148,822	5,051,906	7,078,094
9	56,070,728	4,485,658	7,644,342
10	48,426,386	3,874,111	8,255,889
11	40,170,497	3,213,640	8,916,360
12	31,254,137	2,500,331	9,629,669
13	21,624,468	1,729,857	10,400,043
14	11,224,425	897,954	11,232,046
15	(7,621)	(610)	12,130,610

**Mortgage - 30 Yrs**

Year	Interest @8.0%	Principal payment	Total payment
1	100,000,000	8,000,000	962,000
2	99,038,000	7,923,040	1,038,960
3	97,999,040	7,839,923	1,122,077
4	96,876,963	7,750,157	1,211,843
5	95,666,120	7,653,210	1,306,790
6	94,358,330	7,548,506	1,413,494
7	92,942,836	7,435,427	1,526,573
8	91,418,263	7,313,301	1,648,699
9	89,787,564	7,181,405	1,780,595
10	87,986,969	7,038,958	1,923,042
11	86,063,927	6,885,114	2,076,886
12	83,987,041	6,718,963	2,243,037
13	81,744,004	6,539,520	2,422,480
14	79,321,525	6,345,722	2,616,278
15	76,705,247	6,136,420	2,825,580
16	73,879,666	5,910,373	3,051,627
17	70,828,040	5,666,243	3,295,757
18	67,532,283	5,402,583	3,559,417
19	63,972,866	5,117,829	3,844,171
20	60,128,695	4,810,296	4,151,704
21	55,976,990	4,478,159	4,483,841
22	51,493,150	4,119,452	4,842,548
23	46,650,602	3,732,048	5,229,952
24	41,420,650	3,313,652	5,648,348
25	35,772,302	2,861,784	6,100,216
26	29,672,086	2,373,767	6,588,233
27	23,083,853	1,846,708	7,115,292
28	15,968,561	1,277,485	7,684,515
29	8,284,046	662,724	8,299,276
30	(15,231)	(1,218)	8,963,218

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OPTION #1  
15 year UAAL amortization

		FY '06	FY '07	FY '08	FY '09	FY '10
Normal \$605 X 1.0425% X 11.95%		75.4	78.6	81.9	85.4	89.0
Corbett		5.3	5.2	5.1	5.1	5.0
13th Check		4.1	4.2	4.3	4.3	4.4
Supplemental COLA		2.9	2.9	2.9	2.9	2.9
Annual contribution excluding medical and UAAL		87.7	90.9	94.2	97.7	101.3
\$ Qty						
UAAL Amort / 1.59% per 100 / 15 years	1226	19.9	26.0	32.5	39.3	46.1
Interest on remaining UAAL	1226	98.1	94.9	90.8	85.8	79.8
		117.9	120.9	123.4	125.1	125.9
Total payment (excluding medical)		205.6	211.8	217.6	222.7	227.2
Plan Liabilities (SWAG)		4400	4800	5400	6014	6600
UAAL		1225.9	1225.9	1225.9	1225.9	1225.9
Accumulated principal amortization		-19.9	-45.9	-78.5	-117.7	-163.8
Remaining UAAL		1206.0	1180.0	1147.4	1108.2	1062.1
Funded Ratio		72.59%	75.42%	78.75%	81.57%	83.91%

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**BASELINE**  
**30 year UAAL amortization**

		FY '06	FY '07	FY '08	FY '09	FY '10
Normal \$605 X 1.0425% X 11.95%		75.4	78.6	81.9	85.4	89.0
Corbett		5.3	5.2	5.1	5.1	5.0
13th Check		4.1	4.2	4.3	4.3	4.4
Supplemental COLA		2.9	2.9	2.9	2.9	2.9
Annual contribution excluding medical and UAAL		87.7	90.9	94.2	97.7	101.3
\$ Qty						
UAAL Amort / 1.59% per 100 / 30 years	1226	(26.5)	(26.1)	(25.5)	(24.6)	(23.3)
Interest on remaining UAAL	1226	98.1	98.5	106.6	110.8	114.9
		71.6	72.4	81.1	86.3	91.6
Total payment (excluding medical)		159.2	163.3	175.3	184.0	192.9
Plan Liabilities (SWAG @ 11%/YR))		4400	4800	5400	6014	6600
UAAL		1225.9	1225.9	1225.9	1225.9	1225.9
Accumulated principal amortization		26.5	52.6	78.1	102.7	126.0
Remaining UAAL		1252.4	1278.5	1304.0	1328.6	1351.9
Funded Ratio		71.54%	73.36%	75.85%	77.91%	79.52%

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Any application for disability retirement made pursuant to this Charter or the municipal code shall be heard by a qualified and unbiased hearing officer under contract by the Retirement Board and selected by the Retirement Board. The Retirement Board shall have the power to establish rules setting forth the qualifications and selection procedure necessary to appoint qualified and unbiased hearing officers.

Following formal hearing, the hearing officer shall determine whether the application shall be granted or denied.

At any time within 30 days after the service of the hearing officer's decision, either party may file an objection with the hearing officer upon one or more of the following grounds and no other:

1. That the hearing officer acted without or in excess of his power.
2. That the decision was procured by fraud.
3. That the evidence does not support the decision.
4. That the objecting party has discovered new evidence material to that party, which could not, with reasonable diligence, been discovered and produced at the hearing.

Upon the expiration of 30 days after the objection is overruled, or if the objection is sustained, upon the expiration of 30 days after the rendition of the decision or any rehearing, the decision of the hearing officer shall be final. Such final decision shall not be subject to amendment, modification or rescission by the Retirement Board and such final decision shall be deemed for all purposes to be the decision of the Retirement Board.

Either party may seek judicial review of the decision by filing a petition for writ of mandate pursuant to Code of Civil Procedure section 1094.6 in the superior court.